

## Message Text

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PAGE 01 NEW DE 12815 01 OF 02 231421Z

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ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 EA-07

IO-10 EUR-12 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03 NSC-05

PA-01 PRS-01 SS-15 ACDA-05 SAJ-01 /113 W

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O 231315Z SEP 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 1350

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 12815

E.O. 11652:IXDS

TAGS: PFOR, IN

SUBJ: INDIA SEPTEMBER 1975 - REGIONAL CONCERNS PARAMOUNT

SUMMARY: INDIA REMAINS AN IMPORTANT REGIONAL POWER, BUT NOT A WORLD POWER. THE GOI'S CONCERN CENTER ON BANGLADESH, PAKISTAN, AND CHINA. INDIA WOULD LIKE TO PLAY A LARGER ROLE, BUT GIVEN ITS PRESENT PREOCCUPATION WITH MRS. GANDHI'S EMERGENCY, THE LIMITATIONS OF ITS MILITARY POWER, AND THE WEAKNESS OF ITS ECONOMY, IT CANNOT. EVEN IN THE COUNCILS OF THE NON-ALIGNED, WE BELIEVE INDIA'S NOW MODERATE VOICE IS A QUIET ONE WITH LIMITED INFLUENCE.

1. INDIA'S PRINCIPAL FOREIGN POLICY PREOCCUPATION AT THE MOMENT IS BANGLADESH. WE EXPECT THAT FOCUS TO LAST UNTIL THE GOI IS SATISFIED THAT THE MUSHTAQUE GOVERNMENT IS STABLE, FAVORABLY DISPOSED TOWARD INDIA, AND FREE FROM INFLUENCES, PAKISTANI, CHINESE, OR WESTERN, WHICH INDIA MIGHT REGARD AS INIMICAL TO ITS OWN INTEREST. THE GOI FEARS A RENEWED OUT-BREAK OF COMMUNALISM IN BANGLADESH. HORDES OF BANGLADESH'S TEN MILLION HINDUS FLEEING TO WEST BENGAL WOULD BE "INTOLERABLE," GOI DIPLOMATS HAVE TOLD US. INDIA WOULD

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PAGE 02 NEW DE 12815 01 OF 02 231421Z

TAKE STEPS, INCLUDING INTERVENTION IF NECESSARY, TO PREVENT

SUCH A FLOW. INDIA'S UNCERTAINTY IS COMPOUNDED BY CHINESE  
RECOGNITION OF DACCA AND APPREHANSION THAT SINO-PAKISTANI  
COLLUSION THERE WILL REDUCE INDIAN INFLUENCE.

2. ALTHOUGH THE GOI ASSERTS THAT THE SIMLA PROCESS CONTINUES,  
WE FIND AT THIS POINT THAT IT IS AT DEAD CENTER. WE SEE DIM  
PROSPECTS FOR SIGNIFICANT IMPROVEMENT IN THE SHORT RUN. INDIA  
IS IRRITATED BY PAKISTANI DIPLOMACY, E.G.: THE ACCUSATION  
BY PAKISTANI DIPLOMATS THAT THE GOI PLANS A MILITARY MOVE  
AGAINST PAKISTAN TO DIVERT ATTENTION FROM THE INTERNAL  
EMERGENCY. THE GOI WAS ALARMED AT THE HASTE WITH WHICH  
PAKISTAN RECOGNIZED WHAT WAS INITIALLY TERMED THE ISLAMIC  
REPUBLIC OF BANGLADESH. THESE FACTORS CONBINED WITH THE  
RIVALRY FOR THE SECURITY COUNCIL SEAT,  
THE DEADLOCK ON CIVIL  
AIR AND THE SALAL DAM, HAVE LED TO A SITUATION WHERE THE  
NORMAL PROPAGANDA WHICH EMANATES FROM BOTH SIDES HAS NOW  
WIDENED PERCEPTIBLY.

3. ON THE REMAINDER OF INDIA'S PERIPHERY THE SITUATION IS  
RELATIVELY  
CALM. THE NEPALIS ARE INTERESTED IN THE UPCOMING  
ACCESS AND TRANSPORTATION TALKS. THEY ARE MAKING THE  
APPROPRIATE NOISES AND HOPE THAT FOREIGN MINISTER CHAVAN'S  
VISIT LATER THIS FALL PRESAGES A MORE BENEVOLENT INDIAN  
ATTITUDE TOWARD NEPALI OBJECTIVES. THE BHUTANESE CONTINUE  
TO PRESS THEIR QUIET DIPLOMACY TO REDUCE THE INDIAN  
PRESENCE AND ASSUME GREATER CONTROL OF THEIR OWN AFFAIRS.  
NEITHER SRI LANKA NOR BURMA POSE SIGNIFICANT PROBLEMS FOR  
THE GOI AT THIS TIME.

4. THE GOI MAINTAINS CORDIAL RELATIONS WITH THE SOVIET  
UNION. AT PRESENT MRS. GANDHI FINDS SOVIET AND CPI SUPPORT  
USEFUL, BUT MANY PERCEPTIVE INDIANS REALIZE THERE IS A  
LIMIT TO THE ASSISTANCE THE SOVIET UNION CAN OR IS WILLING  
TO PROVIDE. SOVIET SUPPORT FOR THE PRIME MINISTER'S POSITION  
HELPS KEEP THE ATMOSPHERE OF INDO-SOVIET TIES WARM AT  
LITTLE REAL COST TO THE SOVIETS. THERE ARE REAL PROBLEMS  
IN TRADE AND CURRENCY EXCHANGE RATES, BUT THE SOVIET ROLE  
AS A DEPENDABLE ARMS SUPPLIER REDUCES THE NEGATIVE IMPACT  
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PAGE 03 NEW DE 12815 01 OF 02 231421Z

OF THE SOVIET ATTEMPT TO PROFIT FROM THE EXCHANGE RATE ISSUE.  
INDIA HAS SUCCESSFULLY RESISTED SOVIET ATTEMPTS TO OBTAIN  
NAVAL FACILITIES AND GIVEN ONLY LUKEWARM SUPPORT TO THE  
SOVIET-SPONSORED ASIAN COLLECTIVE SECURITY CONCEPT. MOSCOW-  
NEW DELHI TIES MAKE SENSE TO EACH SIDE, HOWEVER, AND SUIT  
THE INTEREST OF EACH AS LONG AS THEY SHARE A COMMON DISTRUST  
OF PEKING.

4. CHINA IS THE BETE NOIRE OF PRESENT INDIAN FOREIGN POLICY. THERE WAS A SLIGHT THAW FOLLOWING SOME MINOR PING-PONG DIPLOMACY IN THE SPRING, BUT SINCE THEN FRIGIDITY HAS RETURNED. THE GOI REGARDS CHINA AS THE CHIEF CONTRIBUTOR TO PAKISTANI INTRANSIGENCE AND FEARS INCREASED CHINESE INFLUENCE IN BANGLADESH. UNITED STATES INITIATIVES TOWARD CHINA ARE VIEWED WITH SUSPICION IN NEW DELHI. SOME WELL PLACED INDIANS, HOWEVER, VIEW A NEW INDIAN APPROACH TOWARD PEKING AS DESIRABLE. TO DATE THEY HAVE NOT CONVINCED THE GOI.

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PAGE 01 NEW DE 12815 02 OF 02 231430Z

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INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 EA-07

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PA-01 PRS-01 SS-15 ACDA-05 SAJ-01 /113 W

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O 231315Z SEP 75

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TO SECSTATE WASHDC IMMEDIATE 1351

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 12815

6. INDIAN RELATIONS WITH THE ARAB WORLD AND IRAN ARE DETERMINED BY THREE OBJECTIVES: (1) DENYING PAKISTAN THE UNITED SUPPORT OF THE ARAB COUNTRIES, (2) ASSURING INDIA OF A DEPENDABLE SOURCE OF OIL, AND (3) OBTAINING WHATEVER FINANCIAL LARGESS THE OIL-RICH COUNTRIES MAY BE WILLING TO DISPENSE. IN PRACTICE THIS MEANS INDIA MUST AVOID A COMMITMENT TO EITHER THE MODERATES OR RADICAL ARAB CAMP, AND MUST AT LEAST APPEAR TO BE ALLIED WITH BOTH. THE GOI IS UNEASY OVER THE GROWING MILITARY POWER OF ITS MIDDLE EAST NEIGHBORS, AND HAS REAL FEARS THAT SOME OF THE EQUIPMENT MAY BE DIVERTED TO PAKISTAN. INDIA ALSO SEES THE SHAH AS A POTENTIAL INDIAN OCEAN RIVAL, BUT IS WORKING FOR GOOD

RELATIONS WITH TEHRAN. ALTHOUGH THE INDIANS WILL CONTINUE TO BEMOAN HIGH OIL PRICES, THEY ARE LIKELY TO REMAIN A RUBBER STAMP FOR ARAB AND IRANIAN POLICIES AND STRAY FROM THIS POSITION ONLY WHEN A SPLIT IN ARAB UNITY PERMITS.

7. THE GOI WOULD LIKE TO SEE A STABLE SOUTHEAST ASIA RESISTANT TO ALL OUTSIDE POWER, PARTICULARLY CHINESE. INDIAN INFLUENCE, HOWEVER, IS LIMITED. THE GOI LOOKS FORWARD TO THE FORTHCOMING VISITS OF THE MALAYSIAN AND THAI PRIME MINISTERS. BOTH VISITS WILL PUT THE STAMP  
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PAGE 02 NEW DE 12815 02 OF 02 231430Z

OF APPROVAL ON MRS. GANDHI'S POLICIES, IMPRIMATURS THE INDIANS ARE DELIGHTED TO HAVE THESE DAYS.

8. INDIA'S RELATIONS WITH WESTERN EUROPE ARE LARGELY ECONOMIC. THE GOI IS INTERESTED IN PRESERVING THE FLOW OF ASSISTANCE AND SECURING THE BEST POSSIBLE COMMERCIAL ACCESS TO THE EEC. IT HAS BEEN REASONABLY SUCCESSFUL IN ATTAINING THESE ENDS. WHEN DISAPPOINTED POLITICALLY, AS IN THE CASE OF THE CANCELLED VISIT OF PRINCE CHARLES, THE GOI HAS TAKEN IT WITH LITTLE COMMENT. THE GOVERNMENT IS AWARE THAT MRS. GANDHI'S EMERGENCY HAS MET WIDE DISAPPROVAL IN THE WEST, AND THAT THERE IS LITTLE THE GOI CAN DO ABOUT IT.

9. INDIA HAS RECENTLY PLAYED A MORE CONSTRUCTIVE ROLE IN THE COUNCILS OF THE NON-ALIGNED. THE GOI WILL NOT, HOWEVER, TAKE ANY STEPS TO JEOPARDIZE ITS ROLE AS A FOUNDING MEMBER OF THE CLUB, AND WILL BE ANXIOUS TO PRESERVE ITS CREDENTIALS EVEN WHEN IT MUST ACT TO SOME EXTENT IN A MANNER CONTRARY

TO ITS OWN INTEREST. WE BELIEVE THERE IS A GROWING PROPENSITY, HOWEVER, FOR GOI POLICY-MAKERS TO ASSERT INDIA'S REAL INTERESTS IN THE COUNCILS OF THE SEVENTY-SEVEN, WHILE STICKING TO THE CONSENSUS IN PUBLIC. A LONG-STANDING COMMITMENT TO SOCIALISM AND ANTI-COLONIALISM COLORS GOI RELATIONS WITH AFRICA AND LATIN AMERICA. INDIA HAS DISPLAYED A FEW SIGNS OF LATE THAT IT IS AWARE OF BOTH CONTINENTS-- ESPECIALLY IN THE COMMERCIAL AREA-- BUT INDIAN INFLUX ENCE AND INTEREST IN BOTH AFRICA AND LATIN AMERICA IS LIMITED AND LIKELY TO REMAIN SO. THE GOI WILL CONTINUE TO BEAT THE DRUM OF LITTORAL UNITY AMONG THE INDIAN OCEAN STATES, BUT THIS IS MUCH MORE RHETORIC THAN REALITY, AND SENSIBLE INDIANS KNOW IT.

10. WE FIND INDIA IN THIS  
PERIOD A COUNTRY WHICH RETAINS  
ITS GLOBAL PRETENSIONS, BUT REMAINS A REGIONAL POWER.  
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PAGE 03 NEW DE 12815 02 OF 02 231430Z

ALTHOUGH INDIA STILL REGARDS ITSELF AS A LEADER OF THE THIRD  
WORLD, ITS INFLUENCE THERE HAS BEEN ECLIPSED BY THE RADICALS  
AND HAMSTRUNG BY THE REQUIREMENT TO HUE TO THE ARAB LINE.  
MRS. GANDHI'S INTERNAL EMERGENCY COMPELS POLICY-MAKERS TO  
LOOK INCREASINGLY INWARD. FOREIGN POLICY ACTIONS TEND TO  
BE THOSE WHICH RELATE DIRECTLY TO THE MAINTENANCE OF THE  
PRIME MINISTER'S POSITION. WE BELIEVE THIS FACTOR TO BE  
THE ROOT CAUSE OF THE GOI'S MORE ACTIVE FINANCIAL AND  
COMMERCIAL INITIATIVES.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL SITUATION, POLITICAL SUMMARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 SEP 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975NEWDE12815  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750329-0643  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750923/aaaaatvg.tel  
**Line Count:** 242  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 JUN 2003 by BoyleJA>; APPROVED <14 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDIA SEPTEMBER 1975 - REGIONAL CONCERNS PARAMOUNT SUMMARY: INDIA REMAINS AN IMPORTANT REGIONAL POWER, BUT NOT  
**TAGS:** PFOR, IN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006